

# Eliminate the Renewable Fuel Standard (RFS)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
\$5	\$5	\$5	\$5	\$5	\$5	\$6	\$6	\$6	\$6	\$25	\$54

## Heritage Recommendation:

Eliminate the Renewable Fuel Standard (RFS). This proposal saves \$5 million in 2016 and \$54 million over 10 years.

## Rationale:

Administered by the EPA and more commonly known as the ethanol mandate, the RFS mandates that refineries blend increasing amounts of ethanol into gasoline each year. By law, there must be 15 billion gallons (and no more) of corn-based ethanol and another 21 billion gallons of non-corn biofuels in the nation's fuel supply by 2022. Even though Congress set target levels, the EPA officially sets the annual targets based on domestic gasoline and diesel production and administers a trading, credit, and waiver system among refiners.

The Congressional Budget Office recently published a report showing the RFS will increase gas prices by 13 cents to 26 cents per gallon as soon as 2017.<sup>41</sup> Multiple federal agency and government-backed studies demonstrate the RFS has harmed Americans, driving up fuel and food prices. And, in January 2013, a U.S. Court of Appeals struck down the EPA's requirement for cellulosic ethanol, calling it "unreasonable."<sup>42</sup> Congress should not mandate the use of certain fuels and should discontinue all funding for implementation of this unworkable program.

## Additional Reading:

- Nicolas Loris, "The Ethanol Mandate: Don't Mend It, End It," Heritage Foundation *Backgrounder* No. 2811, June 12, 2013, <http://www.Heritage.org/research/reports/2013/06/the-ethanol-mandate-that's-mend-it-end-it>.
- David Kreutzer, "Renewable Fuel Standard, Ethanol Use, and Corn Prices," Heritage Foundation *Backgrounder* No. 2727, September 17, 2012, <http://www.Heritage.org/research/reports/2012/09/the-renewable-fuel-standard-ethanol-use-and-corn-prices>.

## Calculations:

According to page 92 of EPA, "Fiscal Year 2015: Justification of Appropriation Estimates for the Committee on Appropriations," March 2014, [http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015\\_congressional\\_justification.pdf](http://www2.epa.gov/sites/production/files/2014-03/documents/fy2015_congressional_justification.pdf), \$96.5 million was spent in FY 2014 on federal vehicle and fuels standards and certification. Savings from this proposal assume that a fraction of that amount, \$5 million in 2014, could be cut without the RFS. Both the current FY 2014 spending level and the alternative level of \$91.5 million were increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections. The savings represent the difference between these two spending levels.